ORIGINAL



1

RECEIVED

30E

2

3

4

5

6

COMMISSIONERS

2006 APR -7 A 9:51

BEFORE THE ARIZONA CORPORATION COM

JEFF HATCH-MILLER, Chairman AZ CORP COMMISSION MARC SPITZER

DOCUMENT CONTROL

MIKE GLEASON

KRISTIN K. MAYES

7

OF ARIZONA PUBLIC SERVICE COMPANY FOR AN EMERGENCY INTERIM RATE INCREASE AND FOR AN INTERIM AMENDMENT TO DECISION NO. 67744

IN THE MATTER OF THE APPLICATION

DOCKET NO. E-01345A-06-0009

10

11

12

13

14

15

16

17 18

19

20

21

22

24

23

25 26

27

28

NOTICE OF FILING STAFF'S LATE-FILED EXHIBIT

Arizona Corporation Commission Staff ("Staff") hereby submits its late-filed Exhibit S-11. Exhibit S-11 is essentially an update to Exhibit S-8. Only the first page of Exhibit S-11 is different from Exhibit S-8. The following five revisions have been made:

- 1. The Annual Adjustor Account balance under the 0.010 bandwidth has been revised.
- The increases in revenues under all of the bandwidths have been adjusted for taxes.
- 3. Revised numbers were used for Funds From Operations and Debt as the starting point under the 0.004 bandwidth.
- 4. The revised revenue figures have been used to calculate new figures for FFO.
- The revised FFO figures were used to calculate new FFO to Debt ratios and Net Cash Flow numbers.

Staff believes that these revisions meet the requirement to recalculate the FFO and provide

a revised Exhibit S-8. Essentially both requests were dealt with in the attached Exhibit S-11. Tr. at

2209:13 - 2210:15. 1 2 RESPECTFULLY SUBMITTED this 7th day of April, 2006. 3 4 Christopher C. Kempley, Chief Counsel 5 Janet Wagner, Attorney Jason Gellman, Attorney 6 Arizona Corporation Commission 1200 West Washington Street 7 Phoenix, Arizona 85007 (602) 542-3402 8 9 Original and 13 copies of the foregoing filed This 7th day of April, 2006 with: 11 **Docket Control** Arizona Corporation Commission 12 1200 West Washington Phoenix, AZ 85007 13 Copy of the foregoing mailed this 14 7th day of April, 2006 to: 15 Michael W. Patten Thomas L. Mumaw 16 Karilee S. Ramaley J. Matthew Derstine Pinnacle West Capital Corporation Laura E. Sixkiller 17 P. O. Box 53999, MS 8695 Roshka DeWulf & Patten, PLC Phoenix, AZ 85072-3999 One Arizona Center 18 400 East Van Buren, Suite 800 19 Phoenix, AZ 85004 Deborah R. Scott Kimberly A. Grouse Attorneys for UniSource Energy Services 20 Snell & Wilmer One Arizona Center Michelle Livengood 21 400 East Van Buren UniSource Energy Services Phoenix, AZ 85004-2202 One South Church Street, Suite 200 22 Tucson, AZ 85702 23 C. Webb Crockett Patrick J. Black Timothy M. Hogan 24 Fennemore Craig, P.C. Arizona Center for Law in the Public Interest 3003 N. Central, Suite 2600 202 East McDowell Road, Suite 153 25 Phoenix, AZ 85012-2913 Phoenix, AZ 85004 Attorneys for Phelps Dodge Mining Company Attorneys for Western Resource Advocates 26 and Arizonans for Electric Choice and 27 Competition

28

	waiter w. Meek, President	David Berry
1	Arizona Utility Investors Association	Western Resource Advocates
^	2100 North Central, Suite 210	P. O. Box 1064
2	Phoenix, AZ 85004	Scottsdale, AZ 85252-1064
	,, - 	
3	Jay I. Moyes	Eric C. Guidry
	Moyes Storey Ltd.	Western Resource Advocates
4		
	1850 N. Central, Suite 1100	2260 Baseline Road, Suite 200
5	Phoenix, AZ 85004	Boulder, CO 80302
	Attorneys for AzAg Group	
6		Scott S. Wakefield
_	Kenneth R. Saline, P.E.	Chief Counsel
7	K.R. Saline & Assoc., PLC	Residential Utility Consumer Office
	160 N. Pasadena, Suite 101	1110 West Washington, Suite 220
8	Mesa, AZ 85201	Phoenix, AZ 85007
	1V1C5a, AZ 63201	1 HOCHIA, AZ. 85007
9	Theodone E. Delegate	I IV D -1t In
10	Theodore E. Roberts	Lawrence V. Robertson, Jr.
10	Sempra Energy Resources	P. O. Box 1448
11	101 Ash Street, HQ 12-B	Tubac, AZ 85646
11	San Diego, CA 92101-3017	Attorney for Southwestern Power Group II,
12	Attorney for Mesquite Power	Bowie Power Station and Mesquite Power
13	Robert W. Geake	S. David Childers
	Vice President and General Counsel	Low & Childers, P.C.
14	Arizona Water Company	2999 North 44 th Street, Suite 250
	P. O. Box 29006	Phoenix, AZ 85018
15	Phoenix, AZ 85038-9006	
	1 Hochix, AZ 83038-3000	Attorney for Arizona Competitive
16	Minima at A. Charatha	Power Alliance
	Michael A. Curtis	
17	William P. Sullivan	Michael M. Grant
10	K. Russell Romney	Todd C. Wiley
18	Curtis, Goodwin, Sullivan, Udall & Schwab	Gallagher & Kennedy, P.A.
19	2712 North Seventh Street	2575 East Camelback Road
19	Phoenix, AZ 85006-1003	Phoenix, Arizona 85016-9225
20	Attorneys for Town of Wickenburg	Attorneys for Arizona Utility Investors Ass'n
20		, , , , , , , , , , , , , , , , , , , ,
21	Cynthia Zwick	Nicholas J. Enoch
	Executive Director	Jarrett J. Haskovec
22	Arizona Community Action Association	Lubin & Enoch, P.C.
	2700 N. Third Street, Suite 3040	· · · · · · · · · · · · · · · · · · ·
23	1	349 North Fourth Avenue
	Phoenix, AZ 85004	Phoenix, AZ 85003
24	11.	Attorneys for IBEW Local 640 and 769
	Lieutenant Colonel Karen S. White	
25	Chief, Air Force Utility Litigation Team	
20	AFLSA/JACL-ULT	
26	139 Barnes Drive	
27	Tyndall AFB, FL 32403	
41		

1	Greg Patterson	A., J., W. Datterry
•	Arizona Competitive Power Alliance	Andrew W. Bettwy Bridget A. Branigan
2	916 West Adams, Suite 3	Southwest Gas Corporation
	Phoenix, AZ 85007	5241 Spring Mountain Road
3		Las Vegas, NV 89150
	Kimberly Grouse	
4	Snell & Wilmer	J. William Moore
5	One Arizona Center	Attorney at Law
,	400 East Van Buren	1144 East Jefferson
6	Phoenix, AZ 85004-0001	Phoenix, AZ 85034
	 	James M. Van Nostrand
7	Jana VanNess	
_	Manager, Regulatory Compliance	Stoel Rives, LLP
8	Arizona Public Service	900 SW Fifth Avenue, Suite 2600
9	Mail Station 9905	Portland, OR 97204
9	P. O. Box 53999	I D. stars
10	Phoenix, AZ 85072	Jon Poston AARP Electric Rate Project
10	1 Hochix, 142 63072	6733 East Dale Lane
11	Jay L. Shapiro	Cave Creek, AZ 85331
	Patrick J. Black	0410 0100H,1111 00001
12	Fennemore Craig, P.C.	Katherine McDowell
	3003 N. Central, Suite 2600	Stoel Rives, LLP
13	Phoenix, AZ 85012	900 SW Fifth Avenue, Suite 2600
14	Attorneys for Panda Gila River	Portland, OR 97204
14	Michael L. Kurtz	Coorgo M. Colloway
15	1	George M. Galloway Arizona Competitive Power Alliance
	Boehm, Kurtz & Lowry	900 SW Fifth Avenue, Suite 2600
16	36 E. Seventh Street, Suite 1510	Portland, OR 97204
	Cincinnati, OH 45204-4454	,
17	Coralette Hannon	Jesse A. Dillon
18	AARP Department of State Affairs	PPL Services Corporation
10	6705 Reedy Creek Road	Two North Ninth Street
19	Charlotte, NC 28215	Allentown, PA 18101
		Paul R. Michaud
20	Rebecca C. Salisbury	Michaud Law Firm, P.L.C.
	56 th Fighter Wing JA	46 Eastham Bridge Road
21	7383 N. Litchfield Road	East Hampton, CT 06424-1374Dome
22	Luke AFB, AZ 85309-1540 Attorney for Federal Executive	Valley Energy Partners
22	Agencies	TO 1 4 A
23	T. Iganores	Robert Annan
	Jeff Schlegel	Annan Group 6605 E. Evening Glow Drive
24	SWEEP Arizona Representative	Phoenix, AZ 85262
	1167 West Samalayuca Drive	1 1100111A, 1 122 032 02
25	Tucson, AZ 85704-3224	Donna M. Bronski
20	7:11.6	Deputy City Attorney
26	II	City Attorney's Office
27	Murphy Consulting 2422 E. Palo Verde Drive	3939 Drinkwater Blvd.
۱ ک	Phoenix, AZ 85016	Scottsdale, AZ 85251
28		

- 1	
1	Marvin S. Cohen Sacks Tierney, P.A.
2	4250 N. Drinkwater Blvd., 4 th Floor Scottsdale, AZ 85251-3693
3	Attorneys for Contellation NewEnergy, Inc. And Strategic Energy, LLC
4	Sean Seitz President
5	Arizona Solar Energy Industries Association 5056 South 40 th Street, Suite C
6	Phoenix, AZ 85040
7	David Crabtree Teco Power Services
8	P. O. Box 111 Tampa, FL 33601-0111
9	J. William Moore Attorney at Law
10 11	1144 East Jefferson Phoenix, AZ 85034
12	Raymond S. Heyman
13	Senior Vice President and General Counsel UniSource Energy Services One South Church Street, Suite 1820
14	Tucson, AZ 85701
15	
16	Debote J. A. Amara
17	
18	
19	
20	
21	
22	
2324	
25	
26	
40	



Staff's Response to March 23, 2006, letter from Chairman Hatch-Miller

Decrease in 2006 year-end balance for under-collected fuel and purchased power expenses:

Total Dec. 2006 under-collected amount	Annual Adjustor Account Paragraph 19(d) Balancing Account	Annual Tracking Account	Dec. 31, 2006 Balance	
\$321,183,632	\$11,319,274 \$62 305 837	\$247,558,521	0.004	
\$301,208,295	-\$8,656,063 \$62,305,837	\$247,558,521	0.005	Bandwidth
\$281,232,955	-\$28,631,403 \$62,305,837	\$247,558,521	0.006	Bandwidths (changed in May 2006)
\$261,257,618	-\$48,606,740	\$247,558,521	0.007	ay 2006)
\$241,282,281	-\$68,582,077	\$247,558,521	0.008	
\$221,306,942	-\$88,557,416	\$247,558,521	0.009	
\$201,331,603	-\$108,532,755	\$247,558,521	0.010	

Increase in 2006 revenues for fuel and purchased power expense recovery:

(increase in revenues) less 39.05% for taxes	Dec. '06 Balance in Annual Adjustor Account Decrease in Balance compared to "0.004"
	<u>0.004</u> \$11,319,274 \$0
\$12,174,968	Bandwidth 0.005 -\$8,656,063 \$19,975,337
\$24,349,938	Bandwidths (changed in May 2006) 0.005 0.006 0.5656,063 0.528,631,403 0.548,6 0.975,337 0.939,950,677 0.939,950,677
\$36,524,906	y 2006) 0.007 -\$48,606,740 \$59,926,014
\$48,699,873	0.008 -\$68,582,077 \$79,901,351
\$60,874,843	<u>0.009</u> -\$88,557,416 \$99,876,690
\$86,295,700	0.010 -\$130,265,140 \$141,584,414

Improvement in the Funds from Operation (FFO) to Debt ratio:*

Funds from Operations Debt Ratio	
0.004 0.005 0.006 \$520,200,000 \$532,374,968 \$544,549,938 \$556,724,906 \$3,261,800,000 \$3,259,115,000 \$3,259,115,000 \$3,259,115,000 15.9% 16.3% 16.7% 17.1%	
9.005 \$532,374,968 \$3,259,115,000 16.3%	Bandwidt
<u>0.006</u> \$544,549,938 \$3,259,115,000 16.7%	Bandwidths (changed in May 2006)
9.007 \$556,724,906 \$3,259,115,000 17.1%	lay 2006)
\$568,899,873 \$3,259,115,000 17.5%	
0.009 \$581,074,843 \$3,259,115,000 17.8%	
\$606,495,700 \$3,259,115,000 18.6%	

^{*} assumes no change in debt

Improvement in internal cash flow to fund APS' CAPEX progrm in 2006:

Funds from Operations less Common Dividends Net Cash Flow
\$520,200,000 \$170,000,000 \$350,200,000
Bandwidtl 0.005 \$532,374,968 <u>\$170,000,000</u> \$362,374,968
Bandwidths (changed in May 2006) 0.005 0.74,968 \$544,549,938 0.000,000 \$170,000,000 \$170,374,968 \$374,549,938 \$386,
3y 2006) 0.007 \$556,724,906 \$170,000,000 \$386,724,906
0.008 \$568,899,873 \$170,000,000 \$398,899,873
0.009 \$581,074,843 \$170,000,000 \$411,074,843
0.010 \$606,495,700 \$170,000,000 \$436,495,700

ARIZONA PUBLIC SERVICE COMPANY Schedule 1 Annual Tracking Account Year 2006

		T	-	_	-										T				
4	13.5	12		10	9	0	7	6	G	4	, ω) N	· 		o.	Line	•		
	Total	Dec	Nov	Oct	Sep	Pug	<u>L</u>	'n	Ma)	ρŗ	Mai	-eb	Jan.		Month				
≃ .	_	ľ		•		-		•	•	•			•		를				
interest rate ⁶ =	27,647,261,984	2		2	2,6	ω	ω	2	2	<u>~</u>			. <u></u>			E			
est ra	347,	2,171,928,096	,895,523,759	2,128,551,69	2,603,844,092	3,143,508,084	3,185,558,76	2,731,973,938	2,362,657,190	,879,071,188	,853,941,184	,717,598,00	,973,106,000		(kWh)	Energy Sales	Retail		(a)
ate ⁶	261,	328,0	23	551,6	344,0	508,0	558,	973,	557,)71,	41	598,	106,		€	Sal	_ ≗_		=
11	984	96	759	695	092	084	761	935	190	188	184	000	8			es			
	8		~	ω	<u></u>	~	"	~	~!	_	-1		· (15			Ш	z	5	
	874,894,456	64,165,636	79,817,225	63,607,186	69,795,736	79,189,639	94,759,550	81,579,064	78,278,437	64,757,510	74,143,473	64,909,000	59,892,000		2	Energy Sales	Native Load	Wholesale*	=
4.38%)4 ,4:	55,6	17,2)7,1	35,7	39,6	59,5	79,0	78,4	57,5	43,4	0,0	92,0		(kWh)	Sa	5	esal	9
8%	5	36	25	86	36	39	50	42	37	6	73	8	8		l	es	8	æ	s
	28,	2		Ŋ	Ņ	ω	ω	Ņ	Ν	_		_	Ŋ			Щ	z		
	522,	2,236,093,732	,975,340,984	2,192,158,881	2,673,639,828	3,222,697,723	3,280,318,31	2,813,552,999	2,440,935,627	,943,828,698	,928,084,657	,782,507,00	2,032,998,000	(a	3	Energy Sales	Native Load	둤	٠
	156,	093,	340,	158,	639,	697,	318	552,	935,	828,	084	507,	998,	(a + b)	(kWh)	y Sa	ol e	Total	(c)
	28,522,156,440	732	984	881	828	723	311	,999	627	,698	657	000	000			es	ad		
	49	4	G	G	69	÷	49	69	69	69	₩	69	69		_		œ		
	\$ 96,428,000											45	50		Power Costs	Purc	Book Fuel and	Sys	_
	428,											45,695,000	50,733,000		ပြွ	Purchased	Fuel	System 3	(b)
	000	,	٠	1	٠	1	•	1	•	٠	•	000	000		sts	ed	and	u	•
	↔	÷	49	49	↔	↔	↔	49	4	69	69	↔	€9					Ş	
	9,719,000											4,2	5,4		Revenue	Sa	Off-System	System Book 4	۰
	19,0	١.										4,245,000	5,474,000		enu	Sales	yste	Bo	(e)
			٠	•	•	•	•	•	•	•	•	ĕ	ő		(a)		3	옷	
	\$ 8	₩.	↔	€9	⇔	\$	\$	- -	49	€9	⇔	↔	↔			Po	z		
	68,4	46,8	38,3	59,2	91,4	32,0	34,5	01,2	71,0	57,0	49,8	41,4	45,2	ā	င္ပ	wer	ative	z	
	\$ 868,456,000	46,857,000	38,337,000	59,213,000	91,499,000	\$ 132,076,000	\$ 134,546,000	\$ 101,288,000	71,065,000	57,034,000	49,832,000	41,450,000	45,259,000	(d - e)	Costs	Power Supply	Native Load	Net	3
		Įğ	ğ	ĕ	ĕ	ĕ	ĕ	ĕ	ĕ	ĕ	ĕ	ĕ	ĕ			할	g.		
	\$ 842,448,676	٠	69	69	⇔ ~-		\$	63	⇔	69	€9	€9	↔			Р			
	12,4	45,512,419	36,787,924	57,494,889	89,110,406	128,830,567	130,659,329	98,351,151	68,786,014	55,133,946	47,915,737	39,940,621	43,925,673	(a/c * f)	Costs	Power Supply	Re		(9)
	48,6	12,4	87,9	94,8	10,4	30,5	59,3	51,1	86,0	33,9	15,7	40,6	25,6	.	sts	dus	Retail ⁵		=
	76	19	24	89	8	67	29	5	1 4	46	37	ž	73			ş			
	Çi ⇔	49	⇔	↔	⇔	⇔	()	69	₩.	69	69	69	69	(a '	_	Po	œ		
	73,4	45,0	39,3	44	54,0	35,2	56,0	56,6	49,0	38,9	38,4	35,6	40,9	0.0	₹eve	ĕ	ase		اچ
	87,1	45,052,304	39,318,849	44,152,548	54,011,538	65,205,788	66,078,045	56,669,335	49,008,598	38,977,574	38,456,302	35,628,135	40,928,138	(a * 0.020743)	Revenue	Power Supply	Base Rate		리
	54	Q 4	49	<u>4</u> 8	38	88	₹ 5	ij,	86	74	Õ2	35	38	43)		문	æ		
	⇔	49	()	↔	69	↔	69	()	↔	÷	↔	↔	÷			6		Ţ	
	6,83	4	(2,5	13,3	35,098,868	63,624,77	64,581,284	41,6	19,7	16,1	9,4	4,3	2,9	(g - h)	Collection	(Over)/Under	Sha	Pre-90/10	اے
	61,5	460,115	(2,530,925)	13,342,341	98,8	24,7	81,2	41,681,816	19,777,41	16,156,37	9,459,43	4,312,486	2,997,535	<u>-</u> р	ction	ğ	Sharing	7/00	=
	22	15	125)	4	<u>6</u> 8	79	84	16	9	72	35	86	ξ;		_	Œ		ں	
	\$ 900,302 \$573,487,154 \$ 268,961,522 \$ 242,065,370 \$5,493,151 \$ 247,558,52	÷	↔	↔	↔	↔	↔	69	↔	↔	69	↔	€9		_	Ô		סד	
	42,0	4	(2,2	12,0	31,588,98	57,262,30	58,123,156	37,513,634	17,7	14,5	8,5	კ. 8	2,6	(i *	Collection	(Over)/Under	Sharing	Post-90/10	اے
	65,3	414,104	(2,277,833	12,008,107	88,9	62,3	23,1	13,6	17,799,674	14,540,735	8,513,492	3,881,237	2,697,782	(i * 0.9)	<u>ctior</u>	<u>Und</u>	ring	90/1	=
	70	2	33	07	<u>ಹ</u>	<u>õ</u>	56	<u>భ</u>	374	35	92	37	82		د	Φ		0	
	رن ج	↔	₩	↔	↔	÷	₩	€	↔	₩	€9	↔		<u>_</u>	_				
	900	895	900	853	735	524,697	31 <u>1</u>	173	108	55	24	9		(I*rate/12)	nterest				S
	900,302 493,151	895,522	900,549	853,604	735,619	697	311,411	173,851	108,487	55,211	24,049	9,847		/12)	1SE				
	ا`` ا	Ī			_			↔	٠ ده	↔	<u>۔</u>	٠ ج	€9						
	247	246	245	246	233	201	143	85	47	29	15	6	2	6	В	ð	Ħ		
	,558	\$ 246,658,219	\$ 245,348,592	725	\$ 233,864,165	\$ 201,539,564	,752	,318	47,630,514	29,722,354	126	6,588,866	2,697,782	(j+k+l)	Balance	Account	Tracking		=
	,521	,219	,592	\$ 246,725,876	, 165	564	\$ 143,752,566	85,318,000	514	354	15,126,407	,866	,782		ď	⇉	ದ		
		_						_	_	_	_								

¹ Retail energy sales under rate schedule E-36 were excluded.

² Includes traditional sales-for-resale and Pacificorp supplemental sales.

³ Includes native load and off-system fuel and purchased power costs less those costs associated with E-36, ISFSI and mark-to-market accounting adjustments. Excludes net savings associated with the Sundance units and broker fees.

fincludes off-system revenue less mark-to-market accounting adjustments.

⁵ The maximum annual amount that can be used for the PSA calculation is \$776,200,000. However, Decision No. 68437 allows deferral of costs in excess of the cap until this issue has been further examined in Docket No. E-01345A-06-0009.

⁶ Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15.

ARIZONA PUBLIC SERVICE COMPANY Schedule 4 Paragraph 19(d) Balancing Account Year February 2006 - January 2007

4	ω	12	_	No.
4 Ending Balance with Interest (line 1 - line 2 + line 3) \$60,076,669 \$60,295,949 \$60,516,029 \$60,736,913 \$60,958,603 \$61,181,102	3 Monthly Interest (line 1 * (4.38%/12)1	2 Less: Approved Balance for Surcharge (if any)	Beginning Balance	
\$60,076,669	\$ 218,482	€9	\$59,858,187	February
\$60,295,949	\$ 218,482 \$ 219,280 \$ 220,080 \$ 220,884 \$ 221,690 \$ 222,499	↔	\$59,858,187 \$60,076,669 \$60,295,949 \$60,516,029 \$60,736,913 \$60,958,603	March
\$60,516,029	\$ 220,080	\$	\$60,295,949	April
\$60,736,913	\$ 220,884	69	\$60,516,029	Мау
\$60,958,603	\$ 221,690	⇔	\$60,736,913	June
\$61,181,102	\$ 222,499	⇔	\$60,958,603	July
\$61,404,413	\$ 223,311	↔	\$61,181,102	August
\$61,628,539	\$ 224,126	€9	\$61,404,413	September
\$61,853,483	\$ 224,944	69	\$61,628,539	October
\$62,079,248	\$ 225,765	€ 0	\$61,853,483	November
\$61,404,413	\$ 223,311 \$ 224,126 \$ 224,944 \$ 225,765 \$ 226,589 \$ 227,416	⇔	\$61,181,102 \$61,404,413 \$61,628,539 \$61,853,483 \$62,079,248 \$62,305,837	November December January
\$62.533.253	\$ 227,416	69	\$62,305,837	January

¹ Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15.

6 Endi	5 Mon	4 Less	3 Beg	2 Reta	1 PSA	Line No.
Ending Balance with Interest (line 3 - line 4 + line 🖰 \$ 102,377,432 \$ 95,405,718 \$ 88,600,209 \$ 80,981,704 \$ 71,316,767 \$ 59,598,865 \$	Monthly Interest (line 3 ± line 3.5)* (4.38%/12) ³	Less: Revenue from Adjustor Rate (line 1 * line 2) \$ 7,746,948 \$ 7,345,392 \$ 7,153,740 \$ 7,941,896 \$ 9,960,520 \$ 11,978,208	 Beginning Balance Revenue True-up from January Estimate² 	Retail Energy Sales¹ (kWh)	PSA Adjustor Rate	
5 \$ 102,377,432 \$	\$ 400,492 \$ 373,678 \$ 348,231 \$ 323,391 \$	\$ 7,746,948	\$ 109,723,888 \$ 102,377,432 \$ 95,405,718 \$ 88,600,209 \$ 80,981,704 \$ 71,316,767 \$	1,936,737,000	\$ 0.004000 \$ 0.004000 \$ 0.004000 \$ 0.004000 \$ 0.004000	February
\$ 95,405,718 \$	\$ 373,678 \$	\$ 7,345,392 \$	\$ 102,377,432 \$	1,936,737,000 1,836,348,000 1,788,435,000 1,985,474,000 2,490,130,000 2,994,552,000	\$ 0.004000 \$	March
88,600,209 \$	348,231 \$	7,153,740 \$	95,405,718 \$	788,435,000	0.004000	April
80,981,704	323,391	7,941,896	88,600,209	1,985,474,000	0.004000	May
71,316,767 \$		9,960,520	80,981,704	2,490,130,000	0.004000	June
59,598,865	295,583 \$ 260,306 \$	11,978,208	71,316,767	2,994,552,000	0.004000	July
		12,013,072	59,598,865	3,003,268,000	0.004000	August
36,387,779	174,482	11,590,032	\$ 47,803,329	2,897,508,000	\$ 0.004000	September
\$ 27,084,210	217,536 \$ 174,482 \$ 132,815 \$	9,436,384	\$ 36,387,779	2,359,096,000	0.004000	October
\$ 19,319,191 \$	\$ 98,857 \$	\$ 7,863,876	\$ 27,084,210	1,965,969,000	\$ 0.004000	November
47,803,329 \$ 36,387,779 \$ 27,084,210 \$ 19,319,191 \$ 11,319,274 \$ 2,826,093	98,857 \$ 70,515 \$ 41,315	12,013,072 \$ 11,590,032 \$ 9,436,384 \$ 7,863,876 \$ 8,070,432 \$ 8,534,496	59,598,865 \$ 47,803,329 \$ 36,387,779 \$ 27,084,210 \$ 19,319,191 \$ 11,319,274	3,003,268,000 2,897,508,000 2,359,096,000 1,965,969,000 2,017,608,000 2,133,624,000	0.004000 \$ 0.004000 \$ 0.004000 \$ 0.004000 \$ 0.004000	December
\$ 2,826,093	\$ 41,315	\$ 8,534,496	\$ 11,319,274	2,133,624,000	\$ 0.004000	January

¹ Excludes sales from E-36, E-3, and E-4 rate schedules.

²True-up is the result of using estimated revenue for January in the annual PSA Adjustor Rate Calculation because the actual amount was not available at the time of filing that schedule.

3 Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15.

Ğ	ر ـ	SSS	Begir Rever	Retai	PSA.	Line No.
Ending Balance with Interest (line 3 - line 4 + line 5 \$ 102,377,432 \$ 95,405,718 \$ 88,600,209 \$ 78,996,230 \$ 66,833,916 \$ 52,105,100 \$	Monthly Interest (line 3 ± line 3.5)* (4.38%/12) ³ \$ 400,492 \$ 373,678 \$ 348,231 \$ 323,391 \$ 288,336 \$	Less: Revenue from Adjustor Rate (line 1 * line 2) \$ 7,746,948 \$ 7,345,392 \$ 7,153,740 \$ 9,927,370 \$ 12,450,650 \$ 14,972,760	 Beginning Balance Revenue True-up from January Estimate² 	Retail Energy Sales¹ (kWh)	PSA Adjustor Rate	
5 \$ 102,377,432	\$ 400,492	\$ 7,746,948 \$	\$ 109,723,888 \$ 102,377,432 \$ 95,405,718 \$ 88,600,209 \$ 78,996,230 \$ 66,833,916 \$	1,936,737,000	\$ 0,004000 \$ 0,004000 \$ 0,004000 \$ 0,005000 \$ 0,005000	February
\$ 95,405,718 \$	\$ 373,678 \$	\$ 7,345,392 \$	\$ 102,377,432 \$	936,737,000 1,836,348,000 1,788,435,000 1,985,474,000 2,490,130,000 2,994,552,000	\$ 0.004000 \$	March
88,600,209 \$	348,231 \$	7,153,740 \$	95,405,718 \$	788,435,000 1	0.004000	April
78,996,230 \$	323,391 \$	9,927,370 \$	88,600,209 \$	985,474,000 2	0.005000 \$	Мау
66,833,916 \$	288,336 \$	12,450,650 \$	78,996,230 \$,490,130,000 2	0.005000 \$	June
52,105,100 \$	243,944 \$	14,972,760 \$	66,833,916 \$		0.005000 \$	July
	190,184 \$	15,016,340 \$	52,105,100 \$	3,003,268,000	0.005000	August
22,927,472	190,184 \$ 136,068 \$	14,487,540	37,278,944 \$	2,897,508,000	0.005000	September
11,215,677 \$	83,685 \$	11,795,480 \$	22,927,472 \$	2,359,096,000	0.005000	October
1,426,769 \$		9,829,845	11,215,677	1,965,969,000	0.005000	November
37,278,944 \$ 22,927,472 \$ 11,215,677 \$ 1,426,769 \$ (8,656,063) \$ (19,355,778)	40,937 \$ 5,208 \$ (31,595)	15,016,340 \$ 14,487,540 \$ 11,795,480 \$ 9,829,845 \$ 10,088,040 \$ 10,668,120	52,105,100 \$ 37,278,944 \$ 22,927,472 \$ 11,215,677 \$ 1,426,769 \$ (8,656,063)	3,003,268,000 2,897,508,000 2,359,096,000 1,965,969,000 2,017,608,000 2,133,624,000	0.005000 \$ 0.005000 \$ 0.005000 \$ 0.005000 \$ 0.005000	December
(19,355,778)	(31,595)	10,668,120	(8,656,063)	2,133,624,000	0.005000	January

¹ Excludes sales from E-36, E-3, and E-4 rate schedules.

³ Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15. ² True-up is the result of using estimated revenue for January in the annual PSA Adjustor Rate Calculation because the actual amount was not available at the time of filing that schedule.

ARIZONA PUBLIC SERVICE COMPANY Schedule 3 Annual Adjustor Account Year February 2006 - January 2007

Line No.	February	March	April	May	June	July	August	September	October	November	December	January
1 PSA Adjustor Rate	\$ 0.00400	\$ 0.004000 \$ 0.004000 \$ 0.004000 \$ 0.006000 \$ 0.006000	\$ 0.004000	\$ 0.006000	\$ 0.006000	\$ 0.006000	\$ 0.006000	0.006000 \$ 0.006000 \$ 0.006000 \$ 0.006000 \$ 0.006000	0.006000 \$	0.006000	0.006000 \$	0.006000
2 Retail Energy Sales¹ (kWh)	1,936,737,00	1,936,737,000 1,836,348,000 1,788,435,000 1,985,474,000 2,490,130,000 2,994,552,000	1,788,435,000	1,985,474,000	2,490,130,000	2,994,552,000	3,003,268,000	3,003,268,000 2,897,508,000 2,359,096,000 1,965,969,000 2,017,608,000 2,133,624,000	2,359,096,000	1,965,969,000	2,017,608,000	133,624,000
3 Beginning Balance 3.5 Revenue True-up from January Estimate ²	\$ 109,723,88	\$ 109,723,888 \$ 102,377,432 \$ 95,405,718 \$ 88,600,209 \$ 77,010,756 \$ 62,351,065	\$ 95,405,718	\$ 88,600,209	\$ 77,010,756	\$ 62,351,065	\$ 44,611,334	44,611,334 \$ 26,754,557 \$ 9,467,163 \$ (4,652,858) \$ (16,465,655) \$ (28,631,403)	9,467,163 \$	(4,652,858) \$	(16,465,655) \$	(28,631,403)
4 Less: Revenue from Adjustor Rate (line 1 * line 2) \$	\$ 7,746,94	7,746,948 \$ 7,345,392 \$ 7,153,740 \$ 11,912,844 \$ 14,940,780 \$ 17,967,312	\$ 7,153,740	\$ 11,912,844	\$ 14,940,780	\$ 17,967,312	\$ 18,019,608	18.019.608 \$ 17,385,048 \$ 14,154,576 \$ 11,795,814 \$ 12,105,648 \$ 12,801,744	14,154,576 \$	11,795,814	12,105,648 \$	12,801,744
5 Monthly Interest (line 3 ± line 3.5)* (4.38%/12) ³	\$ 400,492 \$	2 \$ 373,678 \$	\$ 348,231	348,231 \$ 323,391 \$ 281,089 \$ 227,581	\$ 281,089	\$ 227,581	\$ 162,831 \$	1	34,555 \$	(16,983)	97,654 \$ 34,555 \$ (16,983) \$ (60,100) \$ (104,505)	(104,505)
6 Ending Balance with Interest (line 3 - line 4 + line 5 \$ 102,377,432 \$ 95,405,718 \$ 88,600,209 \$ 77,010,756 \$ 62,351,065 \$ 44,611,334	\$ 102,377,43	2 \$ 95,405,718	\$ 88,600,209	\$ 77,010,756	\$ 62,351,065	\$ 44,611,334	\$ 26,754,557	26,754,557 \$ 9,467,163 \$ (4,652,858) \$ (16,465,655) \$ (28,631,403) \$ (41,537,652)	(4,652,858) \$	(16,465,655)	(28,631,403) \$	(41,537,652)

¹ Excludes sales from E-36, E-3, and E-4 rate schedules.

True-up is the result of using estimated revenue for January in the annual PSA Adjustor Rate Calculation because the actual amount was not available at the time of filing that schedule.

Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15.

ARIZONA PUBLIC SERVICE COMPANY Schedule 3 Annual Adjustor Account Year February 2006 - January 2007

No.	February	March	April	Мау	June	July	August	September	October	November	December	January
1 PSA Adjustor Rate	\$ 0.004000	\$ 0.004000 \$ 0.004000 \$ 0.004000 \$ 0.007000 \$ 0.007000	0.004000	0.007000	\$ 0.007000		\$ 0.007000	\$ 0.007000 \$ 0.007000 \$ 0.007000 \$ 0.007000 \$ 0.007000 \$ 0.007000	\$ 0.007000	\$ 0.007000	\$ 0.007000	\$ 0.007000
2 Retail Energy Sales¹ (kWh) —	1,936,737,000	1,936,737,000 1,836,348,000 1,788,435,000 1,985,474,000 2,490,130,000 2,994,552,000	,788,435,000	1,985,474,000	2,490,130,000		3,003,268,000	3,003,268,000 2,897,508,000 2,359,096,000 1,965,969,000 2,017,608,000 2,133,624,000	2,359,096,000	1,965,969,000	2,017,608,000	2,133,624,000
3 Beginning Balance 3.5 Revenue True-up from January Estimate ²	\$ 109,723,888	109,723,888 \$ 102,377,432 \$ 95,405,718 \$ 88,600,209 \$ 75,025,282 \$ 57,868,214	95,405,718	88,600,209	\$ 75,025,282	\$ 57,868,214	\$ 37,117,569	37,117,569 \$ 16,230,172 \$ (3,993,144) \$ (20,521,391) \$ (34,358,077) \$ (48,606,740)	\$ (3,993,144)	\$ (20,521,391)	\$ (34,358,077)	\$ (48,606,740
4 Less: Revenue from Adjustor Rate (line 1 * line 2) \$ 7,746,948 \$ 7,345,392 \$ 7,153,740 \$ 13,898,318 \$ 17,430,910 \$ 20,961,864	\$ 7,746,948	\$ 7,345,392 \$	7,153,740	13,898,318	\$ 17,430,910	\$ 20,961,864	\$ 21,022,876	21,022,876 \$ 20,282,556 \$ 16,513,672 \$ 13,761,783 \$ 14,123,256 \$ 14,935,368	\$ 16,513,672	\$ 13,761,783	\$ 14,123,256	\$ 14,935,368
5 Monthly Interest (line 3 ± line 3.5)* (4.38%/12) ³	\$ 400,492	\$ 400,492 \$ 373,678 \$ 348,231 \$ 323,391 \$ 273,842 \$ 211,219	348,231	323,391	\$ 273,842	\$ 211,219	\$ 135,479	135,479 \$ 59,240 \$ (14,575) \$ (74,903) \$ (125,407) \$ (177,415)	\$ (14,575)	\$ (74,903)	\$ (125,407)	\$ (177.415
6 Ending Balance with Interest (line 3 - line 4 + line 5 \$ 102,377,432 \$ 95,405,718 \$ 88,600,209 \$ 75,025,282 \$ 57,868,214 \$ 37,117,569	\$ 102,377,432	\$ 95,405,718 \$	88,600,209	75,025,282	\$ 57,868,214		\$ 16,230,172	\$ 16,230,172 \$ (3,993,144) \$ (20,521,391) \$ (34,358,077) \$ (48,606,740) \$ (63,719,523)	\$ (20,521,391)	\$ (34,358,077)	\$ (48,606,740)	\$ (63,719,523

¹ Excludes sales from E-36, E-3, and E-4 rate schedules.

² True-up is the result of using estimated revenue for January in the annual PSA Adjustor Rate Calculation because the actual amount was not available at the time of filing that schedule.

³ Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15.

6 Ending Balance with Interest (line 3 - line 4 + line 5 \$ 102,377,432 \$ 95,405,718 \$ 88,600,209 \$ 73,039,808 \$ 53,385,363 \$ 29,623,804	5 Monthly Interest (line 3 ± line 3.5)* (4.38%/12) ³ \$ 400,492 \$ 373,678 \$ 348,231 \$ 323,391 \$	4 Less: Revenue from Adjustor Rate (line 1 * line 2) \$ 7,746,948 \$ 7,345,392 \$ 7,153,740 \$ 15,883,792 \$ 19,921,040 \$ 23,956,416	 Beginning Balance Revenue True-up from January Estimate² 	2 Retail Energy Sales¹ (kWh)	1 PSA Adjustor Rate	Line No.
ine 5 \$ 102,377,432	\$ 400,492	2) \$ 7,746,948	\$ 109,723,888 \$	1,936,737,000	\$ 0.004000	February
\$ 95,405,718 \$	\$ 373,678 \$	\$ 7,345,392 \$	\$ 109,723,888 \$ 102,377,432 \$ 95,405,718 \$ 88,600,209 \$ 73,039,808 \$ 53,385,363 \$	1,938,737,000 1,836,348,000 1,788,435,000 1,985,474,000 2,490,130,000 2,994,552,000	\$ 0.004000 \$ 0.004000 \$ 0.004000 \$ 0.008000 \$ 0.008000	March
88,600,209	348,231	7,153,740	\$ 95,405,718	1,788,435,000	0.004000	April
\$ 73,039,808	\$ 323,391	\$ 15,883,792	\$ 88,600,209	1,985,474,000	\$ 0.008000	Мау
\$ 53,385,363	\$ 266,595 \$	\$ 19,921,040	\$ 73,039,808	2,490,130,000	\$ 0.008000	June
\$ 29,623,804	\$ 194,857	\$ 23,956,416	\$ 53,385,363		1	July
\$ 5,705,787	\$ 108,127 \$	\$ 24,026,144	\$ 29,623,804	3,003,268,000	\$ 0.008000	August
\$ (17,453,451)	\$ 20,826 \$	\$ 23,180,064	\$ 5,705,787	2,897,508,000	\$ 0.008000	September
\$ (36,389,924)	ı	\$ 18,872,768	\$ (17,453,451)	2,359,096,000	\$ 0.008000	October
\$ (52,250,499)	\$ (132,823)	\$ 15,727,752	\$ (36,389,924)	1,965,969,000	\$ 0.008000	November
5,705,787 \$ (17,453,451) \$ (36,389,924) \$ (52,250,499) \$ (68,582,077) \$ (85,901,394)	<u>(63,705) \$ (132,823) \$ (190,714) \$ (250,325)</u>	24,026,144 \$ 23,180,064 \$ 18,872,768 \$ 15,727,752 \$ 16,140,864 \$ 17,068,992	29,623,804 \$ 5,705,787 \$ (17,453,451) \$ (36,389,924) \$ (52,250,499) \$ (68,582,077)	3,003,268,000 2,897,508,000 2,359,096,000 1,965,969,000 2,017,608,000 2,133,624,000	0.008000 \$ 0.008000 \$ 0.008000 \$ 0.008000 \$ 0.008000	December
\$ (85,901,394)	\$ (250,325)	\$ 17,068,992	\$ (68,582,077)	2,133,624,000	\$ 0.008000	January

¹ Excludes sales from E-36, E-3, and E-4 rate schedules.

² True-up is the result of using estimated revenue for January in the annual PSA Adjustor Rate Calculation because the actual amount was not available at the time of filing that schedule.

³ Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15.

6 Ending Balance with Interest (line 3 - line 4 + line 5 \$ 102,377,432 \$ 95,405,718 \$ 88,600,209 \$ 71,054,334 \$ 48,902,512 \$ 22,130,038	5 Monthly Interest (line 3 ± line 3.5)* (4.38%/12) ³ \$ 400,492 \$ 373,678 \$ 348,231 \$ 323,391 \$ 259,348 \$ 178,494	4 Less: Revenue from Adjustor Rate (line 1 * line 2) \$ 7,746,948 \$ 7,345,392 \$ 7,153,740 \$ 17,869,266 \$ 22,411,170 \$ 26,950,968	 Beginning Balance Revenue True-up from January Estimate² 	2 Retail Energy Sales¹ (kWh)	1 PSA Adjustor Rate	Line No.
line 5 \$ 102,377,432	\$ 400,492	e 2) \$ 7,746,948	\$ 109,723,888 \$	1,936,737,000	\$ 0.004000	February
\$ 95,405,718	\$ 373,678	\$ 7,345,392	\$ 109,723,888 \$ 102,377,432 \$ 95,405,718 \$ 88,600,209 \$ 71,054,334 \$ 48,902,512 \$	1,936,737,000 1,836,346,000 1,788,435,000 1,985,474,000 2,490,130,000 2,994,552,000	\$ 0.004000 \$ 0.004000 \$ 0.004000 \$ 0.009000 \$ 0.009000	March
\$ 88,600,209	\$ 348,231	\$ 7,153,740 \$	\$ 95,405,718	1,788,435,000	\$ 0.004000	April
\$ 71.054.334	\$ 323,391	\$ 17,869,266	\$ 88,600,209	1,985,474,000	\$ 0.009000	Мау
\$ 48 902 512 ·	\$ 259,348	\$ 22,411,170	\$ 71,054,334	2,490,130,000	\$ 0.009000	June
33 130 030	\$ 178,494	\$ 26,950,968	\$ 48,902,512		\$ 0.009000	July
	\$ 80,775	\$ 27,029,412	\$ 22,130,038	3,003,268,000	\$ 0.009000	August
	97	\$ 26,077,572	\$ (4,818,599)	2,897,508,000	\$ 0.009000	September
(50 050 450)	(112,835)	\$ 21,231,864 \$	\$ (30,913,759) \$	2,359,096,000	\$ 0.009000	October
	(190,743) \$	17,693,721	\$ (52,258,458)	1,965,969,000	\$ 0.009000 \$	November
(A B40 E00) 9 (30 043 750) 9 (50 050 45) 9 (70 000)	(17,588) \$ (112,835) \$ (190,743) \$ (256,022) \$ (323,235)	27,029,412 \$ 26,077,572 \$ 21,231,864 \$ 17,693,721 \$ 18,158,472 \$ 19,202,616	22,130,038 \$ (4,818,599) \$ (30,913,759) \$ (52,258,458) \$ (70,142,922) \$ (88,557,416)	3,003,268,000 2,897,508,000 2,359,096,000 1,965,969,000 2,017,608,000 2,133,624,000	0.009000 \$ 0.009000 \$ 0.009000 \$ 0.009000 \$ 0.009000	December
1000/	(323 235)	19,202,616	(88,557,416)	2,133,624,000	0.009000	January

¹ Excludes sales from E-36, E-3, and E-4 rate schedules.

True-up is the result of using estimated revenue for January in the annual PSA Adjustor Rate Calculation because the actual amount was not available at the time of filing that schedule.

Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15.

6 Ending Balance with Interest (line 3 - line 4 + line 5 \$ 102,377,432 \$ 95,405,718 \$ 88,600,209 \$ 69,068,860 \$ 44,419,661 \$ 14,636,273	5 Monthly Interest (line 3 ± line 3.5)* (4.38%/12) ³	4 Less: Revenue from Adjustor Rate (line 1 * line 2) \$	3 Beginning Balance 3.5 Revenue True-un from January Estimate ²	2 Retail Energy Sales¹ (kWh)	1 PSA Adjustor Rate	Line No.
+ line 5 \$ 102,377,43	2)3 \$ 400,492 \$		\$ 109,723,88	1,936,737,00	\$ 0.00400	February
2 \$ 95,405,718	1	7,746,948 \$ 7,345,392 \$ 7,153,740 \$ 19,854,740 \$ 24,901,300 \$ 29,945,520	109,723,888 \$ 102,377,432 \$ 95,405,718 \$ 88,600,209 \$ 69,068,860 \$ 44,419,661	1 <u>,936,737,000 1,836,348,000 1,788,435,000 1,985,474,000 2,490,130,000 2,994,552,000</u>	0.004000 \$ 0.004000 \$ 0.004000 \$ 0.010000 \$ 0.010000	March
\$ 88,600,209 \$	373,678 \$ 348,231 \$ 323,391 \$ 252,101 \$ 162,132	\$ 7,153,740 \$	\$ 95,405,718 \$	1,788,435,000	\$ 0.004000	April
69,068,860 \$	323,391 \$	19,854,740 \$	88,600,209 \$	1,985,474,000 2	0.010000 \$	Мау
44,419,661 \$	252,101 \$	24,901,300 \$	69,068,860 \$,490,130,000 2	0.010000 \$	June
1	162,132 \$	29,945,520 \$	44,419,661 \$	i i	0.010000 \$	July
(15,342,985)	53,422 \$	30,032,680	14,636,273	3,003,268,000	0.010000	August
(44,374,067) \$	1	28,975,080 \$	(15,342,985) \$	2,897,508,000	0.010000 \$	September
(68,126,992) \$	(161,965) \$	23,590,960 \$	(44,374,067) \$	2,359,096,000 1	0.010000 \$	October
(88,035,346) \$	(248,664) \$	19,659,690 \$	(68,126,992) \$,965,969,000 2	0.010000 \$	November
\$ (15,342,985) \$ (44,374,067) \$ (68,126,992) \$ (88,035,346) \$ (108,532,755) \$ (130,265,140)	(56,002) \$ (161,965) \$ (248,664) \$ (321,329) \$ (396,145)	30,032,680 \$ 28,975,080 \$ 23,590,960 \$ 19,659,690 \$ 20,176,080 \$ 21,336,240	14,636,273 \$ (15,342,985) \$ (44,374,067) \$ (68,126,992) \$ (88,035,346) \$(108,532,755)	3,003,268,000 2,897,508,000 2,359,096,000 1,965,969,000 2,017,608,000 2,133,624,000	0.010000 \$ 0.010000 \$ 0.010000 \$ 0.010000 \$ 0.010000	December
(130,265,140)	(396,145)	21,336,240	(108,532,755)	133,624,000	0.010000	January

¹ Excludes sales from E-36, E-3, and E-4 rate schedules.

² True-up is the result of using estimated revenue for January in the annual PSA Adjustor Rate Calculation because the actual amount was not available at the time of filing that schedule.

3 Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15.